

Tea and Coffee Market Review

Monthly Comment on Trade
Conditions and Prospects

Brazil Coffee Exports Drop as War Closes Additional Markets

Contracts Signed for Erection of Coffee Plastic Plant
in Sao Paulo and D.N.C. Issues New Quota Resolutions

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RIO DE JANEIRO, May 15—April has been a full month in coffee happenings as far as Brazil is concerned. During the month there was held a meeting of the Consulting Council of the National Coffee Department, for the purpose of discussing the rendering of accounts by the Board of Directors, and for discussion of the percentage of the "quota of sacrifice" to be levied against the next coffee crop of 1940-41 to be started July 1st.

To Build Coffee Plastic Plant

Between the Department and the Polin Laboratories of New York, a contract was signed for the sale of patents for the erection, in São Paulo, of the first "cafelite" manufacturing plant. Cafelite is a plastic made of coffee and, it is expected, will absorb Brazil's surplus coffee production. The first plant, with a capacity of consumption of 37,000 bags, is supposed to be ready for operation in September on a commercial basis. If the expected results are confirmed, other manufacturing plants will be erected to absorb, yearly, a total of 4 million bags.

Brazil's coffee exports during April were extremely limited. At last, in a very serious manner, the consequences brought about by the European conflict have started to make themselves felt, particularly as the war extends from day to day to other countries which become closed markets in the Old World to coffee producers of this hemisphere. For the first time since Brazil started its policy of competition, its exports were less than one million bags, for only 924,190 bags were exported. All small ports of shipment are without stocks by reason of the good sales made during the previous months, with the sole exception of Paranaguá which has exported very little because of the lack of maritime transportation. The port of Santos, however, saw its exports reduced to

586,099 bags only, this in spite of the fact that it held large stocks for all emergencies.

D.N.C. Council Resolutions

In view of these conditions and because of the fall in coffee sales, there was great interest in the results of the meetings of the Consulting Council of the D.N.C., which met on April 18th and only closed its sessions on May 9th.

In brief, the following are the Council's resolutions:

1—Imposition, for the 1940-41 crop, of a quota of sacrifice and of clearing for incineration, of 25% of the production, to be paid for at the price of 2\$000 per bag.

2—Removal from São Paulo, where the excess of the Brazilian production is to be found, by means of a complementary quota which may or may not be compulsory, of a quantity of coffee considered indispensable for the maintenance of the statistical equilibrium.

3—The above quota must be paid for on a basis of price of not less than that established for the markets of the quota of sacrifice of the State of Rio, Espírito Santo and Paraná.

4—These coffees may revert to the market on payment to the D.N.C., of 50\$000 per bag, the proceeds collected therefrom having to be applied for the purchase of the coffees of the so-called "isolated quota" in the interior of São Paulo.

5—To meet the international situation which disorganized the markets of consumption, steps must be taken to protect coffee economy, even if for such a purpose it becomes necessary to extend, restrict or alter the suggested or intended plan.

The terms of the communication given to the press are not precisely those of the above, which we make for a more clear understanding of

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CANADIAN COFFEE AND TEA IMPORTS DECLINE

Coffee Is Off 33% and Tea Drops
17% in Comparison With
1939 Statistics

TORONTO, May 18—Out of a total of 2,536,180 lbs. of green coffee brought into Canada in March, 1,270,998 lbs. came from Brazil and Colombia or more than 50%. Quantity from British East Africa which formerly headed the list of countries was 811,669 lbs. and from Jamaica 334,655 lbs. Total imports of coffee that month were 2,671,306 lbs. compared with 3,989,757 in March of last year—a reduction of 1,318,451 lbs. or 33%. For the three months ending March the total was 9,539,688 lbs. against 12,054,859 last year—down 2,515,171 lbs. or 20%. This reduction may be partly due to the imposition of the 10c per lb. duty placed on green coffee from British countries last September, and an additional 10c on non-British coffees. It is, however, considered too early to determine the exact effects of the tariff.

Similarly, tea imports in March were below last year although the total for the three months is up. Quantity taken out of bond in March was 3,750,641 lbs. against 4,519,853 last year—a reduction of 769,212 lbs. or 17%. Total for the three months is 12,110,529 lbs. against 10,216,504 last year—up 1,894,025 lbs. or 18%. Some, if not all of the three months' increase, was due to the fact that importers purchased heavily last fall when war broke out and a lot of that tea has reached Canada since the start of the year.

The Bureau of Statistics of the Canadian Department of Trade and Commerce recently issued a bulletin covering the coffee, tea, spice and miscellaneous food industries in Canada for 1938. It is shown that the capital invested by the various firms in this industry that year totalled \$24,596,904 and that the gross value of products was \$43,107,293. Total imports of green coffee amounted to 41,960,722 lbs. valued at \$3,525,970. Value of the roasted coffee and coffee

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